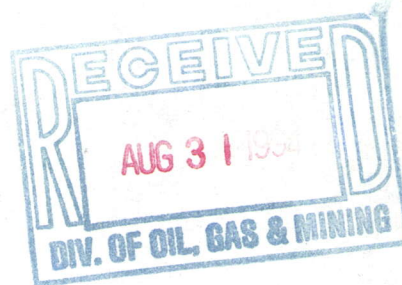


SLC ENVIRONMENTAL, LLC.
P.O. Box 522075
Salt Lake City, Utah 84152
(801) 350-7402

August 29, 1994

Michael Jackson
Bureau of Land Management
150 East 900 North
Richfield, Utah 84701



Re: the Deer Trail Mine operation, Piute County, Utah

Dear Michael:

In accordance with our conversation with you, on Friday, August 26, 1994, we are writing you this letter to confirm that we gave you a copy of the Plan of Mining Operations on Forest Service Land, as it pertains to Unico's proposed Small Mining Plan filed with the Utah Division of Oil, Gas and Mining. This letter will also confirm the substance of our conversation wherein we assured you that the mining operation will not impact BLM land. We will not be doing any work on the road to the mine project that passes through BLM land. Piute County will do all maintenance of the road. We will only use the road for access to and from the mine site. The road will not be used in the mining operation. All equipment used in the mining operation will be used on patented land or underground.

Please contact us if you have any questions or comments.

Cordially:

Charles A. Schultz
for Lionel V. Koon
Acting Mine Manager

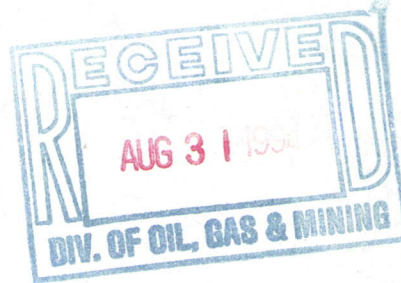
LVK/cas

cc: Lynn Cunzler
Steve Winslow
Steve Evans
Lionel V. Koon
file

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LVK/cas

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Lionel V. Koon
file

5/031/073

PLAN OF OPERATIONS
FOR MINING ACTIVITIES
ON NATIONAL FOREST LANDS

Submitted by Steven Evans Project Manager 8/26/1994
Signature Title Date

Plan Received by _____
Signature Title Date

A. Name of Mine/Project: Deer Trail Mine

B. Type of Operation: Reprocessing of tailings, ore dumps and
stoped ore
(lode, placer, mill, exploration,
development, production, other)

C. Is this a new/continuing operation? (CIRCLE ONE)

If continuing a previous operation, this plan
replaces/modifies a previous plan of operation. (CIRCLE ONE)

D. Proposed start-up date of operation January 1st 1995

E. Proposed duration of operation 90 days for installation, the
processing of the tailings will be accomplished within two to
three years.

F. Proposed seasonal reclamation close out None

G. Expected date for completion of all reclamation there will
be no reclamation at the end of this project because all mining
activities will take place on patented ground and the lease
contract with the owner of the claims mandates that all
improvements to the claims will remain after the end of the
lease.

II. PRINCIPALS

A. Name, address and phone number of operator.

UNICO INC., PO Box 777 Magalia Ca. 95945, (916) 873-4394

Name, address, and phone number of authorized field
representative (if other than the operator). Attach
authorization to act of behalf of operator.

Steven Evans, 1902 Mary Dott Way, Salt Lake City, Utah 84106
(801) 484-8068

C. List the owners of the claims (if other than the operator)

Fehrprop Inc.

D. List name and address of any other lessees, assigns, agents, etc, and briefly describe their involvement with the operation, if applicable.

SLC Environmental, LLC., PO Box 522075, Salt Lake City, Utah 84152, will operate and manage the mine. Lionel V. Koon will be the acting mine manager, and the primary mill operator. Steven Evans will be the project manager/operations supervisor.

III. PROPERTY OR AREA

Name of claim, if applicable and the legal land description where the operation will be conducted.

<u>MC#</u>	<u>Name</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
3 MS	Deer Trail Mill Site #3	11&12	28	4W
5 MS	Deer Trail Mill Site #5	11&12	28	4W
95761	Portal No. 2	13	28	4W

IV. DESCRIPTION OF THE OPERATION

A. Access. Show on a map (USGS quadrangle map or a National Forest map, for example) the claim boundaries, if applicable, and all access needs such as roads and trails, on and off the claim. Specify which Forest Service roads will be used, where maintenance or reconstruction is proposed, and where new construction is necessary. For new construction, include construction specification such as widths, grades, etc., location and size of culverts, describe maintenance plans, and the type and sizes of vehicles and equipment that will use the access routes.

The attached maps show the area of U.S. Forest property that will be involved in the operation and also the patented property where the tailings are located and the patented property used in processing the tailings. Access to the property is via a county road and a Forest Service road. The present roads to the office and the processing facility will be maintained. Periodic grading of these roads may be required. The roads will accommodate pickups, loaders, dozers, dump trucks and any other heavy equipment necessary for the mining and milling operation. The

tailings will be transported from the tailings site to the mill for processing. All movement of the tailings and processing of the tailings will be on patented land.

- B. Map, Sketch or Drawing. Show location and layout of the area of operation. Identify any streams, creeks or springs if known. Show the size and kind of all surface disturbances such as trenches, pits, setting ponds, stream channels and run-off diversions, waste dumps, drill pads, timber disposal or clearance, etc. Include sizes, capacities, acreage, amounts, locations, materials involved, etc.

The property used in the mining operation is identified on the attached maps. The tailings removal and the milling operation will be conducted on previously disturbed land, which is located on patented property. The office and shop area is also located on previously disturbed land; however, the office is located on U.S. Forest Service land. The office complex and buildings are preexisting structures.

- C. Project Description. Describe all aspects of the operation: how clearing will be accomplished, topsoil stockpiled, waste rock placement, tailing disposal, etc. Calculate production rates and total volumes of waste rock and ore. Include justification and calculations for settling pond capacities and the size of runoff diversion channels.

1. For first 12 months:

The existing tailings will be processed by removing them and processing them through a chloride leaching process, which will be a closed loop process. The reprocessed tailings will then be run through a belt press and be redeposited in their original location. It is anticipated that the reprocessed tailings will be approximately 25% water. All the material that is redeposited will be inert. It is anticipated that between 100 tons and 500 tons of tailings will be processed a day. The total volume of the tailings processed will be between 120,000 tons and 200,000 tons. All removal, processing and redepositing of tailings will take place on patented land. There will not be any clearing or disturbance of Forest Service land or removal of topsoil from Forest Service land associated with the operation. No chemicals will be present in the tailings after treatment. The treatment process is a closed loop system and minerals and chemicals will be removed from the tailings and water used in the system prior to discharge of any tailings. The concentrates will be collected and shipped to a refinery for processing. The chemicals will be reused.

2. For total life of project:

It is anticipated that the processing of the tailings will take two to three years. However, if further exploration and testing prove it is feasible to expand the operation, the operation can be increased to approximately 150,000 tons annually using the same facilities and structures. If, however, expanded facilities are needed a modified mining plan will be filed.

- D. Equipment and Vehicle. Describe that which is proposed for use in your operation (Examples: drill, dozer, wash plant, mill, etc.). Include: sizes, capacity, frequency of use, etc.

The equipment used in the operation will consist of a processing plant capable of treating 100 to 500 tons of tailings per day. A front end loader, a back hoe, a dozer, a grader, a scraper, a compressor, a generator, an air drill, a 10 yard dump truck, and other small construction equipment will also be used in day-to-day operation. The process equipment for treatment of the tailings will initially consist of five to ten tanks, a belt press, conveyers, a closed loop system for treatment of the water and removal of chemicals, and a closed loop system for removal of metals from the tailings and the process water.

- E. Structures. Include information about fixed or portable structures or facilities planned for the operation. Show their locations on the map. Include such things as living quarter, storage sheds, mill building, thickener tanks, fuel storage, powder magazines, pipe lines, water diversions, trailer, sanitation facilities including sewage disposal, etc. Include justification and calculations for sizing of tanks, pipelines and water diversions.

The process operation will consists of one metal building, which will be located on patented land. Power and water lines will be run to the processing facility from the Escape raise. It is approximately 2100 feet from the Escape raise to the processing facility. The water and power lines will be run underground, along a presently existing road. The majority of this road is on Forest Service land. Running the water and power along the existing road will alleviate the need to disturb any land or soil. A sewer system that will service the processing facility will be installed on patented property, to the east of the processing facility. The office, maintenance shop and lab will be located in existing facilities at what is known as the P.T.H tunnel. They are approximately 1.3 miles below the process site. The areas around the upper site and the lower site will be fenced and gates installed to provide additional security.

V. ENVIRONMENTAL PROTECTION MEASURES (SEE 36 CFR 228.8)

- A. Air Quality. Describe measures proposed to minimize impacts on air quality such as obtaining a burning permit for slash disposal or dust abatement on roads.

There will be no burning on forest service land. Slash, if any is produced, will be scattered through the surrounding trees. All roads will be sprinkled with water on a regular basis. All tailings will be redeposited to their preexisting location, on patented property.

- B. Water Quality. State how applicable state and federal water quality standards will be met. Describe what measures or management practices will be used to minimize water quality impacts and meet applicable standards.

1. State whether water is to be used in the operation, and if so, how. If water is used in the operation (processing ore, washing ore, solution make-up, etc.) state how the water will be stored, treated and disposed of. If ponds of any type are proposed, such as for storage or settling, state how they will be designed and built. Provide storage capacities. State how ponds will be maintained on an annual basis.

2. Describe methods to control erosion and surface water runoff from all disturbed areas, including waste and tailings dumps.

3. Describe proposed surface water and ground water quality monitoring, if required, to demonstrate compliance with federal or state water quality standards.

4. Describe the measures to be used to minimize potential water quality impacts during seasonal closures, or for a temporary cessation of operations.

5. If land application is proposed for waste water disposal, the location and operation of the land application system must be described. Also describe how vegetation, soil, and surface and groundwater quality will be protected if land application is used.

Water will be used in processing the tailings. The process will be closed loop and there will be no discharge of water into a pond. The reprocessed ore will contain approximately 25% water. The water will be free of any chemicals or metals and will evaporate shortly after discharge. Erosion Control will be

conducted by management and maintenance. Existing well capacity and water rights will be adequate to serve the operation. The water will be drawn from an existing well located in the PTH tunnel.

- C. Solid Wastes. State whether the proposed operations will produce tailings, dumpage, or other waste, and if so, what types of waste and their estimated quantities. State how tailing, dumpage, or other waste produced by operation will be disposed of or treated so as to minimize adverse impacts upon the environment and forest surface resources.

An estimated 120,000 tons to 200,000 tons of reprocessed tailings will be returned to its prior location in the tailings pile. The reprocessed tailings will be reclaimed and seeded. Prior to transportation to the processing facility, tailings awaiting processing will be stored in piles near the processing facility. All of this will be on patented property.

- D. Scenic Values. State how scenic values will be protected (such as screening, slash disposal, timely reclamation, etc).

There will be no additional slash disposal on Forest Service property. The operation will not disturb the surface of property other than the patented property. The road to the Escape raise will be regraded after the water and power lines have been installed.

- E. Fish and Wildlife. Describe practicable measures to maintain and protect fisheries and wildlife, and their habitat (includes threatened, endangered, and sensitive species) affected by the operation.

There are no fish in the area. If any threatened, endangered or sensitive species are encountered, the most extreme measures possible will be taken to protect them.

- F. Cultural Resources. Describe measures for protecting known historic and archeological values.

There are no known cultural resources in the area. However, if any are discovered they will be reported immediately and protective measures taken to preserve them.

G. Hazardous Substances.

1. List all substances including cyanide by name and quantity, which you intend to use or generate during the proposed operation.

Fuel will be stored in approved containers. Hydrochloric Acid, Nitric Acid and Sodium Hydroxide, Bromide, Chlorine, Thiourea, Soda Ash, Caustic Soda, Chloride, Sulfuric Acid, and Anionic Polymers may be used in the milling operation under D.E.O. standards.

2. Describe generation, handling, storage, disposal, security (fencing), identification (signing/labeling), or other special operations requirements for substances necessary to conduct the proposed operation.

Handling, storage, disposal and labeling of hazardous substances will be in accordance with the MSHA and D.E.O. regulations. The entrance to both areas will be gated and watched 24 hours per day. A copy of the Spill Prevention Plan will be given to the U.S. Forest Service prior to commencement of mining operations. There will be two gates located on the road to the mill and office area. Another gate will be located on the road to the mine portals. See, the attached exhibits.

3. Describe the measures that will be taken if a release of a reportable quantity of a hazardous does occur.

If a release of any quantity of hazardous substances occurs, immediate action will be taken to contain it, and the spill will be reported to the appropriate authorities. A Spill Prevention Plan will be in effect and all employees will be well trained to deal with any potential problem.

- H. Close-out Reclamation. Describe such items as: (1) the removal of structures and facilities including bridges and culverts, (2) new construction prior to reclamation, (3) a re-vegetation plan, (4) permanent containment of mine tailings, waste, or sludges which pose a threat of a release into the environment, (5) closing ponds associated with the operations and eliminating any standing water, (6) a final surface shaping plan, and (7) post operations monitoring and maintenance plan.

No new construction is planned at this time on Forest Service land. However if any disturbance of land occurs on Forest Service land, all access roads will be restored to previous

condition, all vegetation will be seeded as recommended by Forest Service, all portals will be closed, all new equipment will be removed, and the surface will be reclaimed to Forest Service standards. Any new portals will be closed according to MSHA regulations. The portals will have attics built and steel doors with locks installed to prevent unauthorized entrance. The structures that are presently located on Forest Service land will not be removed nor will Portal # 2 be closed. Unico's lease with Deer Trail Development Corporation (now called Fehrprop, Inc.) mandates that Unico leave all improvements on the claims at the end of the lease. The agreement includes all new structures and improvements to existing structures.

VI. FOREST SERVICE EVALUATION OF PLAN OF OPERATIONS

A. Recommended Changes/Modifications for Plan of Operations:

B. Bond - As a further guarantee of faithful performance with the terms and conditions listed below, and with the reclamation requirements agreed upon in the plan of operations, the operator delivers herewith and agrees to maintain at least one of the following forms of financial guarantee:

1. Negotiable Treasury bills and notes which are unconditionally guaranteed as to both principle and interest in an amount equal at their par value to the penal sum of the bond; or

2. Certified or cashier's check, bank draft, Post Office money order, cash, assigned certificate of deposit, assigned savings account, blanket bond, or an irrevocable letter of credit equal to the penal sum of the bond in the sum of _____ (\$_____).

The bond amount may be adjusted during the term of this approved plan of operations in response to changes in the operation. The bond calculation worksheet is attached.

TERMS AND CONDITIONS

- A. It is understood that this plan of operations has been approved for a period of _____ or until _____. A new or revised plan must be submitted in accordance with 36 CFR Part 228, Subpart A if operations are to be continued.
- B. It is understood that approval of this plan of operations does not constitute: (1) certification of ownership to any person named herein; and (2) recognition of the validity of any mining claim named herein.

- C. It is understood that approval of this plan of operations does not constitute: (1) certification of ownership to any person named herein: and (2) recognition of the validity of any mining claim named herein.
- D. It is understood that a bond equivalent to the actual cost of performing the agreed upon mitigation and reclamation measures may be required before this plan can be approved.
- E. It is understood that approval of this plan does not relieve me of my responsibility to comply with any other applicable state or federal laws, rules or regulations.
- F. It is understood that information provided with this plan marked confidential will be treated in accordance with the agency's laws, rules and regulations.
- G. It is understood that if previously undiscovered cultural resources (historic or prehistoric objects, artifacts, or sites) are exposed as a result of operations, those operations will not proceed until notification is received from the Authorized Officer that provisions for mitigating unforeseen impacts as required by 36 CFR 228.4(e) and 36 CFR 800 have been complied with.

I/We have reviewed and agree to comply with all conditions in this plan of operations, including the recommended changes and reclamation requirements. I/We understand that the bond will not be released until the Authorized Officer in charge gives written approval of the reclamation work.

Operator (or Authorized Representative) (Date)

(Name) (Title)

(Authorized Officer) (Date)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250: and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0596-00220), Washington, D.C. 20503.